



IMPACT OF KISAN CREDIT CARD SCHEME ON FARM ECONOMY OF FARMERS IN KARNAL DISTRICT WITH SPECIAL REFERENCE TO WHEAT CROP

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ABSTRACT

The Kisan Credit Card scheme was introduced by NABARD in the year 1998-98 to simplify credit delivery mechanism and provide timely credit to the farmers for their cultivation needs in a cost effective manner. The scheme is being implemented across the country as well as in Haryana from its year of launch. The present study has been carried out in Karnal district of Haryana to analyse the impact of Kisan Credit Card Scheme on the farm economy of beneficiary farmers in case of wheat crop cultivation. The study has been carried out in the three purposively selected blocks named Asandh, Nissing and Karnal from Karnal district. The selection of bank agencies (PNB bank, RRBs and co-operative banks) for the blocks was on the basis of ranks given in the area and KCC issued, i.e. highest area covered blocks under wheat and paddy taken the bank agency which issued a maximum to the number of KCCs and so on. Thus, a sample of 90 beneficiary farmers was selected from the randomly selected branches of PNB bank, regional rural banks and cooperatives Banks irrespective of the blocks Assandh, Nissing and Karnal. From the same study area a sample of 90 non-beneficiary farmers was also taken for comparative analysis. The selected farmers were interviewed with well structured and pre-tested questionnaire for the year 2014-15. The present study concludes that the KCC scheme has a positive impact on the farm economy of beneficiary farmers in the district. The cost, returns, production, productivity and employment have been recorded higher on the farms of beneficiary farmers than non-beneficiary farmers due to use of availed credit through KCC scheme. For proper utilization of availed credit, the study also suggested for taking appropriate steps by government to ensure the timely availability of better quality inputs by improving market infrastructure.

KEY WORDS: Kisan Credit Card Scheme, Credit, Cost, production, productivity and employment.

INTRODUCTION:

The Kisan Credit Card scheme was formulated by NABARD and introduced in the year 1998-99 to simplify credit delivery mechanism and provide more flexibility in the use of credit to the farmers for completing their cultivation needs in a hassle free and cost effective manner. From the started year of the scheme, the scheme is being run by all banking agencies across the all of the states of the country. In India, 1285.86 lakh cards have been issued up to the year 2012-13. According to the Reserve Bank of India report on trends and progress of banking in India, 2012-13, during the year 129.82 lakh cards were issued. The scheme is also being implemented in Haryana state as well as in India from the started year and a total no. of 3424011 cards has been issued in the state up to this year according to the State Level Bankers Committee, Haryana. Now in current also, the scheme is serving continuously the farmers of the nation as well as in Haryana and become one of the innovative credit tools to enhance the flow of institutional agricultural credit in the state. So, now there is the need to assess the impact of the KCC scheme on the farmers' economy and thus the present study has been carried out to analyse the impact of the KCC scheme on the farm economy of beneficiary farmers in Karnal district with special reference to wheat crop with the following objectives as given below:

OBJECTIVES OF THE STUDY:

1. To assess the impact of the Kisan Credit Card scheme on the cost and returns of the wheat crop in Karnal district.
2. To evaluate the impact of the KCC Scheme on wheat production and productivity among the farmers in Karnal district.
3. To analyse the impact of the KCC scheme on employment generation by cultivating the wheat crop in district Karnal.

METHODOLOGY:

For the present study, three types of bank agencies named Commercial Banks, Co-operative Banks and Regional Rural Banks have been selected for the study as the Kisan Credit Card Scheme in Haryana is being implemented in the whole of the state by the all of the three agencies. But in commercial banks group Punjab National Bank out of 31 commercial banks has been selected for the study for the commercial banks group as it has provided the maximum number of cards in Haryana during the financial year 2012-13. The study has been carried out in the three selected blocks named Asandh, Nissing and Karnal from Karnal district on the basis of maximum area covered under two major crop wheat and paddy in Karnal District. However, in the present paper, only the findings of the wheat crop have been covered related to various aspects like cost, returns, production, productivity and employment. After selecting blocks and banks, one bank agency has been selected as per their ranks in the area and KCCs issued, i.e. highest area covered blocks under wheat and paddy, taken the bank agency which issued a maximum to the number of KCCs and so on. Bank branches from selected bank agencies for the blocks have been selected randomly. Thus, total

three bank branches have been selected in the study area, namely Padha Branch (PNB bank), Nissing Branch (Regional Rural banks) and Kunjpura Branch (Co-operative banks) for the blocks Assandh, Nissing and Karnal, respectively. Further, the proportionate sampling method (71:21:8 per cent of the total sample for PNB, RRBs and co-operatives) has been used in order to select sample size. According to this proportion, a sample of 90 KCC beneficiary farmers (including small, medium and large farmers) has been taken for the present study. Against this, a sample of 90 non-beneficiary farmers also selected for comparison analysis from the same residing area. Thus, a total of 180 farmers has been selected and interviewed with well structured and pre-tested schedule for collecting primary information for the present study. Reference year of the study with respect to primary information was 2014-15.

Analytical Techniques:

For analysing the impact of the KCC scheme on cost, returns, production, productivity and employment, simple analytical techniques average, percentage and percentage change were used.

RESULTS AND DISCUSSION:

Table 1 reveals the impact of the KCC scheme on the cost and returns of wheat crop in district Karnal. In the present table, a comparative analysis of the beneficiaries and non-beneficiaries show that cost as well as gross returns have increased on the farms of beneficiary farmers as compared to non beneficiary farmers in the cultivation of wheat crop due to use of more and better qualitative input on the farms with the help of availed credit under the KCC scheme. However, the table also shows that both beneficiaries and non-beneficiaries are facing loss in the production of wheat in Karnal district, but the non-beneficiaries have been observed to bear more loss in comparison to the KCC Scheme beneficiaries and it is true in all cases irrespective of the category of the farmer. At the overall, net returns of wheat crop in case of beneficiary and non-beneficiary farmers were rupees -4943.05 and -5912.06. So, it can concluded that the impact of the KCC scheme on the returns of the wheat crop has been positive, but not found able to convert it into a profitable occupation.

Table 2 reveals that the impact of the KCC scheme on production and productivity of the wheat crop has been found positive as the productivity of wheat crop has been higher in beneficiary farmers and increased by 7.7 per cent per acre than non-beneficiary farmers. Among the different categories of farmers, productivity of medium KCC beneficiary farmers has been recorded higher by 9.97 per cent than non-beneficiaries and followed by small and large beneficiary farmers by 9.61 and 6.19, respectively. Production of wheat crop on beneficiary farms was also found to be higher in the district as the productivity per acre was increased on their farms due to use of credit amount availed under the KCC scheme for purchasing the best quality inputs.

Table 1: Impact of KCC Scheme on Cost and Returns of Wheat crop in District Karnal*(Rs. per Acre)*

Sr. No.	Particulars Wheat	Small Farmers		Medium Farmers		Large Farmers		All Farmers	
		KCC Beneficiary	Non-KCC Beneficiary	KCC Beneficiary	Non-KCC Beneficiary	KCC Beneficiary	Non-KCC Beneficiary	KCC Beneficiary	Non-KCC Beneficiary
1	Land preparation cost	1841.2 (4.49)	1703.09 (4.33)	1942.37 (4.65)	1974.44 (4.94)	1908.37 (4.53)	1887.56 (4.65)	1909.68 (4.56)	1888.05 (4.69)
2	Seed and sowing cost	1275 (3.11)	1215.46 (3.09)	1355.52 (3.24)	1257.44 (3.15)	1432.95 (3.41)	1460.77 (3.6)	1389.65 (3.32)	1367.67 (3.4)
3	F.Y.M and their application cost	2457.73 (5.99)	2146.65 (5.46)	2650.59 (6.34)	2238.58 (5.61)	2708.92 (6.44)	2346.16 (5.78)	2659.17 (6.35)	2287.43 (5.69)
4	Fertilizer and their application cost	528.24 (1.29)	567.01 (1.44)	668.78 (1.6)	552.44 (1.38)	632.89 (1.5)	559.69 (1.38)	629.9 (1.5)	558.55 (1.39)
5	Irrigation cost	2730.55 (6.66)	2435 (6.19)	2954.93 (7.07)	2447.31 (6.13)	2966.96 (7.05)	2581.89 (6.36)	2932.77 (7.01)	2522.37 (6.27)
6	Plant protection cost	2221.59 (5.42)	1702.97 (4.33)	2314.68 (5.53)	1760.22 (4.41)	2348.08 (5.58)	2121.76 (5.22)	2321.84 (5.55)	1958.58 (4.87)
7	Harvesting and Threshing cost	3951.39 (9.63)	3914.43 (9.95)	3840.85 (9.18)	3860.56 (9.67)	3802.03 (9.04)	3746.77 (9.23)	3832.83 (9.16)	3803 (9.45)
8	Working Capital	15005.7 (36.59)	13684.61 (34.79)	15727.72 (37.61)	14090.99 (35.29)	15800.2 (37.55)	14704.6 (36.22)	15675.84 (37.45)	14385.65 (35.76)
9	Interest on working capital @ 12.5%	410.31 (1)	374.19 (0.95)	430.05 (1.03)	385.3 (0.97)	432.04 (1.03)	402.08 (0.99)	428.64 (1.02)	393.36 (0.98)
10	Variable Cost	15416.01 (37.59)	14058.8 (35.74)	16157.77 (38.64)	14476.29 (36.26)	16232.24 (38.58)	15106.68 (37.21)	16104.48 (38.47)	14779.01 (36.74)
11	Management charges@ 10%	1541.6 (3.76)	1405.88 (3.58)	1615.78 (3.86)	1447.63 (3.63)	1623.22 (3.86)	1510.67 (3.72)	1610.45 (3.85)	1477.9 (3.67)
12	Risk factors@ 10%	1541.6 (3.76)	1405.88 (3.58)	1615.78 (3.86)	1447.63 (3.63)	1623.22 (3.86)	1510.67 (3.72)	1610.45 (3.85)	1477.9 (3.67)
13	Transportation cost	1603.08 (3.91)	1607.87 (4.09)	1677.49 (4.01)	1678.05 (4.2)	1699.93 (4.04)	1683.51 (4.14)	1680.76 (4.01)	1671.63 (4.16)
14	Rental value of land	20910.1 (50.98)	20849.5 (53.01)	20756.8 (49.63)	20871 (52.28)	20895.2 (49.66)	20791.5 (51.21)	20856.34 (49.82)	20822.75 (51.76)
15	Total cost	41012.39 (100)	39327.93 (100)	41823.62 (100)	39920.6 (100)	42073.81 (100)	40603.03 (100)	41862.48 (100)	40229.19 (100)
16	Value of main product	28289.5	25810	28956.5	26332	29870	28130	29391.5	27289
17	Value of By product	7762.32	6852.64	7857.07	7165.71	7306.6	6998.98	7527.93	7028.13
18	Gross returns	36051.82	32662.64	36813.57	33497.71	37176.6	35128.98	36919.43	34317.13
19	Returns over VC	20635.81	18603.84	20655.8	19021.42	20944.36	20022.3	20814.95	19538.12
20	Net returns	-4960.57	-6665.29	-5010.05	-6422.89	-4897.21	-5474.05	-4943.05	-5912.06

Source: Field Survey

Table 2: Impact of Kisan Credit Card Scheme on Agricultural Production and Productivity of Wheat Crop in District Karnal*(Area in acres, production and productivity in Quintals)*

Karnal				
Particulars	Small Farmers	Medium Farmers	Large Farmers	Total
Beneficiary Farmers				
Area	84	191	373	648
Production	1638.84	3814.27	7683.8	13136.91
Productivity	19.51	19.97	20.6	20.27
Non-Beneficiary Farmers				
Area	91	197	382	670
Production	1619.8	3577.52	7410.8	12608.12
Productivity	17.8	18.16	19.4	18.82
% Change in productivity	9.61	9.97	6.19	7.7

Source: Field Survey

Table 3 exhibits the human labour used in the wheat crop cultivation on the farms of KCC beneficiaries and non-beneficiary farmers in district Karnal. The table shows that more human labour has been used on the farms of beneficiary farmers as compared to non-beneficiary farmers. On the farms of beneficiary farmers, a total employment of 60.25 hours per acre was generated by the beneficiary farmers while it was lower in non-beneficiary farmers as 56.05 hours per acre. In the overall, it is easily can be observed that in almost all of the activity, use of human labour has increased in case of all KCC beneficiary farmers as compared to non-KCC farmers due to use of more labour on farms by availing credit under KCC scheme. In the activity sowing human labour hours worked out were almost the

same in both of the categories.

Table 4 reveals the impact of the KCC scheme on employment generation in wheat crop cultivation in Karnal district and it has been observed that the impact of KCC scheme has been positive on farmers in Karnal district as 0.52 man days per acre has been created more on the farms of beneficiary farmers as compared to non beneficiary farmers. On an average a total employment of 7.53 man days per acre was generated by beneficiary farmers on their farms in the wheat crop cultivation while for same, the figure worked out is 7.01 man days per acre for non-beneficiary farms.

Table 3: Human labour Used in the Cultivation of Wheat Crop in District Karnal*(Human labour in hours per acre)*

Activities	Human Labour							
	Small Farmers		Medium Farmers		Large Farmers		All Farmers	
	KCC B	Non-KCC B	KCC B	Non-KCC B	KCC B	Non-KCC B	KCC B	Non-KCC B
Preparation of land	3.66	3.43	3.57	3.62	3.36	3.09	3.46	3.29
Sowing	0.82	0.81	0.83	0.82	0.83	0.82	0.83	0.82
Fertilizer	3.49	2.76	4	3.05	4.11	3.34	4	3.18
F.Y.M	2.15	2.32	2.74	2.26	2.59	2.28	2.58	2.28
Irrigation	20.7	19.06	21.21	19.25	21.24	20.05	21.16	19.68
Plant Protection	6.76	5.84	6.94	5.88	6.92	6.64	6.91	6.31
Harvesting Threshing	29.18	27.45	24.46	26.14	17.92	15.92	21.31	20.49
Total hours	66.76	61.67	63.75	61.02	56.97	52.14	60.25	56.05

*Source: Field Survey***Table 4: Impact of KCC scheme on Employment Generation in Wheat Cultivation in Karnal District***(Human labour in man days per acre)*

Types of Farmers	Karnal			
	Human labour			
	KCC Beneficiary	Non-KCC Beneficiary	% Change	Impact on employment generation (man days per acre)
Small	8.35	7.71	8.3	0.64
Medium	7.97	7.63	4.46	0.34
Large	7.12	6.52	9.2	0.6
Total	7.53	7.01	7.42	0.52

*Source: Field Survey***CONCLUSION AND SUGGESTIONS:**

On the basis of the above discussion, it may be concluded that the KCC scheme has a positive impact on the farm economy of beneficiary farmers as the cost, returns, production, productivity has been recorded higher on the farms of beneficiary farmers than non-beneficiary farmers. More employment opportunities have been created by beneficiary farmers by using more human labour with the help of availed credit. However, the results of the study also indicated that the credit availed under the scheme has a positive impact, but not so high because of the not proper utilization of credit resources drawn under the scheme by these farmers. Thus, if the proper utilization of availed loan is made by these farmers and if the loan limit is increased, more employment opportunities may be created for farmers and higher returns may be attained on the beneficiary farms. So, for proper utilization of credit availed under the scheme by the farmers, the government should also ensure the timely availability of better quality of inputs by improved market infrastructure.

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